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**FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE**

**Annual Financial Report
And Independent Auditor's Report
As of and for the Year Ended
December 31, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

8/6/08

KEITH M. RIVERE
Certified Public Accountant

**FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE**
La Place, Louisiana

Annual Financial Statements

As of and for the Year Ended
December 31, 2007

CONTENTS

	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report		1
Management's Discussion and Analysis		4
Basic Financial Statements:		
Governmental Funds Balance Sheet/ Statement of Net Assets	A	9
Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities	B	10
Notes to the Financial Statements		12
	<u>Schedule</u>	<u>Page</u>
Required Supplemental Information:		
Schedule of Revenues, Expenditures, And Changes in Fund Balance – Budget (Cash Basis) and Actual – Governmental Fund	1	25
Supplemental Information Schedules:		
Schedule of Per Diem Paid to Board Members	2	27
Other Report Required by <u>Government Auditing Standards</u> :		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.		29
Summary Schedule of Prior Year Audit Findings and Corrective Action Plan for Current Year Findings	3	31

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INDEPENDENT AUDITOR'S REPORT

To the District Public Defender
Fortieth Judicial District Public Defenders Office
La Place, Louisiana

I have audited the accompanying financial statements of the governmental activities and major fund of the Fortieth Judicial District Public Defenders Office, which collectively comprise the basic financial statements as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the Fortieth Judicial District Public Defenders Office's management. My responsibility is to express an opinion on these financial statements based on my audit.

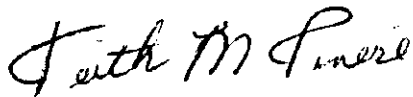
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of the Fortieth Judicial District Public Defenders Office as of December 31, 2007, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 4 through 7 and the required supplementary information on pages 25 and 27 are not required parts of the basic

financial statements, but are supplementary information required by the Government Accounting Standards Board. I have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, I have also issued my report dated June 13, 2008, on my consideration of the Fortieth Judicial District Public Defenders Office's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

A handwritten signature in cursive script that reads "Keith M. Rivere".

Keith M. Rivere
Certified Public Accountant
June 13, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Management's Discussion and Analysis

As of and for the year ended December 31, 2007

The Management's Discussion and Analysis (MD&A) of the Fortieth Judicial District Public Defenders Office's financial performance presents a narrative overview and analysis of the organization's financial activities for the year ended December 31, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the basic financial statements.

FINANCIAL HIGHLIGHTS

The minimum requirements for financial reporting on the Fortieth Judicial District Public Defenders Office that was established by GASB No. 34 are divided into the following sections:

- (a) Management's Discussion and Analysis
- (b) Basic Financial Statements
- (c) Required Supplementary Information (other than MD&A)

Basic Financial Statements:

The basic financial statements present information for the district as a whole, in a format designed to make the statements easier for the reader to understand. The financial statements in this section are divided into the two following types:

- (1) Government-Wide Financial Statements, which include a Statement of Net Assets and a Statement of Activities. These statements present financial information for all activities of the district from an economic resources measurement focus using the accrual basis of accounting and providing both short-term and long-term information about the district's overall financial status.
- (2) Fund Financial Statements, which include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund (a governmental fund). These financial statements present information on the individual fund of the district allowing for more detail. The current financial resources measurement focus and the accrual basis of accounting used to prepare these statements are dependent on the fund type. The district's main governmental fund is the General Fund. The statements in this section represent the short-term financing and general government

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Management's Discussion and Analysis
As of and for the year ended December 31, 2007

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets As of December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Current and other assets	\$178,799	\$110,541
Capital assets	<u>17,250</u>	<u>7,473</u>
Total Assets	<u>196,049</u>	<u>118,014</u>
Current liabilities	-0-	2,181
Long-term liabilities	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>-0-</u>	<u>2,181</u>
Net Assets:		
Invested in capital assets, net of debt	17,250	7,473
Unrestricted	161,299	108,360
Restricted	17,500	-0-
Total Net Assets	<u>\$196,049</u>	<u>\$115,833</u>

The district has "unrestricted" net assets, and those are net assets that do not have any limitations on what the amounts may be used for. The district also has "restricted" net assets, and those are net assets that have limitations on what that amount may be used for.

Net assets of the district increased by \$80,216 or 69%, from December 31, 2006 to December 31, 2007. This mainly results from the increase in cash and cash equivalents.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Management's Discussion and Analysis

As of and for the year ended December 31, 2007

Statement of Revenues, Expenditures and

Changes in Fund Balance

For the year ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues	\$578,314	\$353,685
Expenditures	<u>507,875</u>	<u>401,137</u>
Net Changes in Fund Balance	<u>\$ 70,439</u>	<u>\$(47,452)</u>

The district's total revenues increased by \$224,629, or 63.5%. The total cost of all expenditures increased by \$106,738, or 26.6%.

USING THIS ANNUAL REPORT

This annual report consists of a report on the general financial highlighted statements (above), a general report on the entity performance as a whole, and an activities statement on contributing factors affecting the Organization's past and future financial conditions. Other supporting financial statements and comments are enclosed as components to the annual audit as presented by the auditing agent.

REPORTING ON THE DISTRICT AS A WHOLE

The payroll and contract attorney expense structure for the Organization is structured on an average of 79.5% of total expenditures coming from direct payroll related expenses of 28.2% and an additional 51.3% from contract attorneys. The staff was maintained with a hiring initiative to increase contract attorney staff positions to support developing standards goals of the emergent draft objectives of the pending Public Defender Act of 2007 (Act 307). Total expenses rose 26.6% over the 2006 expenditure performance with targeted staff increases funded by the Louisiana Public Defender Board.

The revenue stream had a net growth of revenue from local services and court fees of 8.6%. The Louisiana Public Defenders Board (formerly the Louisiana Indigent Defender Assistance Board) augmented an additional \$195,297 of revenue for staff augmentation and quality of service initiatives. These initiatives were targeted towards Juvenile Defense, 72 Hour Representation, Data Management, IT Equipment upgrades, and Case Load easement.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual expenditures/disbursements were \$487 less than the final budget amount. These variances are immaterial to the current overall financial position of the board.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Management's Discussion and Analysis

As of and for the year ended December 31, 2007

ECONOMIC FACTORS

Since 2003, the district attorney has increased the use of the pre-trial intervention and diversion programs. Collections will likely result in some unknown reduction because of the increase in pre-trial intervention and diversion programs. Since 2003, the Fortieth Judicial District Public Defender's revenues have been reduced by approximately \$87,000 in 2004, \$64,000 in 2005, \$103,000 in 2006, and \$110,000 in 2007, compared to revenue collected in 2003. Since 2003, the District Attorney's revenue from the diversionary program increased by approximately \$78,000 in 2004 and \$89,000 in 2005 compared to revenue collected in 2003. In 2006, the \$58,000 collected by the DA diversionary program is almost double that collected in the year 2000.

Barring any unforeseen event, the board currently expects that next year's revenues and available fund balance will be sufficient to cover its expenditures.

ADDITIONAL INFORMATION

During the year ended December 31, 2007, there were 1,802 new cases were handled by the Fortieth Judicial District Public Defenders Office. Of these, there were 568 felonies, 680 misdemeanors, 90 traffic cases, 376 juvenile cases, 10 revocations, 78 other cases, and no capital cases.

CONTACTING THE BOARD'S MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the district's finances, and to show the district's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Mr. Richard B. Stricks, District Public Defender of the Fortieth Judicial District Public Defenders Office, 75 Dominican Drive, Suite 202, La Place, Louisiana, or telephone, 985-651-6677 (extension 201).

BASIC FINANCIAL STATEMENTS

**FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE
LaPlace, Louisiana
Governmental Funds Balance Sheet/Statement of Net Assets**

December 31, 2007

	General Fund	Other Funds	Total	Adjustments	Statement of Net Assets
ASSETS					
Cash and cash equivalents	\$133,435	\$0	\$133,435	\$0	\$133,435
Cash and cash equivalents-Restricted	17,500		17,500		17,500
Receivables	26,664	0	26,664	0	26,664
Inventories					
Other Assets	1,200	0	1,200	0	1,200
Capital assets, net of accumulated depreciation (Note C)				17,250	17,250
Total Assets	\$178,799	\$	\$178,799	\$17,250	\$196,049
LIABILITIES					
Liabilities:					
Cash overdraft	\$	\$	\$	\$	\$
Accounts payable	-		-	0	-
Salaries and benefits payable					
Deferred revenues					
Long-term liabilities					
Due within one year					
Due after one year					
Total Liabilities	\$0		\$0		\$0
FUND BALANCES/NET ASSETS					
Fund balances:					
Reserved for inventories					
Unreserved, reported in:					
General Fund	178,799		178,799	(178,799)	-
Other Funds					
Total Fund Balances	178,799		178,799	(178,799)	-
Total Liabilities and Fund Balances	\$178,799		\$178,799	\$ (178,799)	\$ -
NET ASSETS					
Invested in Capital Assets, Net of Related Debt				17,250	17,250
Restricted				17,500	17,500
Unrestricted				161,299	161,299
Total Net Assets				\$ 196,049	\$ 196,049

The accompanying notes are an integral part of this statement.

**FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE
LaPlace, Louisiana
GOVERNMENTAL FUNDS**

**Statement of Governmental Fund Revenues,
Expenditures, and Changes in Fund Balances/
Statement of Activities
For the Year Ended December 31, 2007**

	General Fund	Other Funds	Total	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES					
Judiciary:					
Personnel services	\$143,223	0	\$143,223	0	\$143,223
Related benefits	8,461	-	8,461	-	8,461
Travel and professional development	2,317	-	2,317	-	2,317
Operating expenses	43,579	-	43,579	-	43,579
Client Cost	37,044	-	37,044	-	37,044
Capital Outlay	12,810	-	12,810	(12,810)	-
Loss on Disposal of Assets				457	457
Depreciation				2,576	2,576
Contract Attorneys	260,441	-	260,441	-	260,441
Total Expenditures/Expenses	507,875	-	507,875	(9,777)	498,098
PROGRAM REVENUES					
Charges for services	22,623		22,623		22,623
Court cost	344,293		344,293		344,293
Other charges					
Net Program Expense (Revenue)	140,959	-	140,959	(9,777)	131,182
GENERAL REVENUES					
State grants	210,403		210,403		210,403
Local grants			-		-
Investment earnings	995		995		995
Miscellaneous			-		-
Total General Revenues	211,398	-	211,398	-	211,398
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES/CHANGE IN NET ASSETS					
	70,439	-	70,439	9,777	80,216
FUND BALANCE/NET ASSETS:					
Beginning of the Year	108,360		108,360	7,473	115,833
End of Year	\$178,799	\$ -	\$ 178,799	\$ 17,250	\$ 196,049

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana
Notes to the Financial Statements
December 31, 2007

INTRODUCTION

The Fortieth Judicial District Public Defenders Office (the Organization) was established in compliance with Louisiana Revised Statutes 15:144-149 and modified by Act 307 implemented August 15, 2007. The Organization provides counsel to represent indigent (needy) individuals in criminal cases at the District level. The Organization encompasses the parish of St. John the Baptist, which is located in the State of Louisiana. The Organization is composed of a District Public Defender who works under the supervision of the Louisiana Public Defender Office. A State Louisiana Public Defender Board governs the Louisiana Public Defender Office. Revenues to finance the Organization's operations are provided primarily from court cost on fines imposed by the various courts within the District and State Revenues received through distributions from the Louisiana Public Defender Office.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying basic financial statements of the Fortieth Judicial District Public Defenders Office have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*.

2. Reporting Entity

For financial statement reporting purposes, the Organization is a part of the district court system of the State of Louisiana. However, the state statutes that create the organizations also give each of the organizations control over all of their operations. This includes the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The Organization is financially independent and operates independently from the district court system. The financial statements include only the transactions of the Organization.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana
Notes to the Financial Statements
December 31, 2007

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Fund Accounting

The Organization uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain district functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The fund of the Organization is classified as governmental.

Governmental Funds

Governmental funds account for all of the Organization's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations of the Organization. The following is the Organization's governmental fund:

General Fund - the primary operating fund of the Public Defenders Office and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Organization policy.

4. Measurement Focus/Basis of Accounting **Fund Financial Statements (FFS)**

The amounts reflected in the General Fund and Other Funds, of Statements A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Organization's operations.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana
Notes to the Financial Statements
December 31, 2007

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amounts reflected in the General Fund and Other Funds, of Statements A and B, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Public Defenders Office considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues:

Court costs on fines and forfeitures imposed by the district are recorded in the year they are collected by the contributing agencies. Fees from indigents are recorded when received. Interest income is accrued when earned. All other revenues and grants are recorded when earned.

Expenditures:

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana
Notes to the Financial Statements
December 31, 2007

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Organization as a whole. These statements include all the financial activities of the Public Defenders Office. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from organization users as a fee for services; program revenues reduce the cost of the function to be financed from the organization's general revenues.

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Assets (Statement A) are as follows:

Net Change in Fund Balance-Governmental Funds	\$ 70,439
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.

In the current year:

Expenditures for Capital assets	\$12,810	
Less current depreciation expense	(2,576)	
Loss on disposal of assets	<u>(457)</u>	<u>9,777</u>

Change in Net assets of governmental activities	<u><u>\$80,216</u></u>
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FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana
Notes to the Financial Statements
December 31, 2007

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Budgets

The proposed budget for the General Fund was prepared on the cash basis of accounting. This budget was completed and made available for public inspection at the office of the Fortieth Judicial District Public Defenders Office on December 15, 2006. A public hearing was held on December 21, 2006, for suggestions and comments from the public, and the proposed budget was formally adopted on that date. The budget, which included proposed cash expenditures and the means of financing them, was posted at the Organization's office prior to the public hearing. All appropriations lapse at year-end, and any accounts payable outstanding at year-end are included in the next year's budget with funds appropriated in that year to finance them. Formal budget integration is not employed as a management control device during the year; however, the district public defender monitors the budget during the year.

The district public defender is authorized to transfer amounts between line items within any fund. When actual cash revenues fail to meet budgeted cash revenues by five percent or more and/or actual cash expenditures exceed budgeted expenditures by five percent or more, a budget amendment to reflect such change is adopted by the Organization. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana
Notes to the Financial Statements
December 31, 2007

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following is a reconciliation of the excess of revenues over expenditures on Schedule 1 (budget comparison) with the excess of revenues over expenditures on Statement B for the General Fund:

	<u>General Fund</u>
Excess (Deficiency) of receipts over disbursements – Schedule 1	\$ 55,095
Add:	
+ Receivables at December 31, 2007	26,664
+ Liabilities at December 31, 2006	2,181
Less:	
- Receivables at December 31, 2006	(13,501)
- Liabilities at December 31, 2007	(-0-)
Excess (Deficiency) of revenues over expenditures – Statement B	\$ 70,439 =====

6. Encumbrances

The Organization does not use encumbrance accounting.

7. Cash and Cash Equivalents

Cash includes amounts in demand deposits and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Organization may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

8. Court Cost Receivables

Receivables include amounts which were due to be received in 2007, but were not actually received until 2008. Collection is assured for receivables for court costs on fines and forfeitures and bail bond fees; these fees are recognized as revenue when earned.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana
Notes to the Financial Statements
December 31, 2007

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Organization maintains a threshold level of \$300 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, fixtures and equipment	5 years

10. Annual and Sick Leave

Vacation (annual) leave is accrued by employees at a variable rate, which is predetermined by the Organization and depends on the employee's years of service. After one (1) year of full time service, each employee is entitled to ten days off as paid vacation. After ten (10) years of full time service, each employee is entitled to twenty (20) days off as paid vacation. Employees may carryover 2006 unused vacation to 2007 for use in 2007. Vacation days have no cash value. At the time of termination of employment, whether voluntary or involuntary, the departing employee will not be paid any money as compensation for the accumulated unused vacation days.

Sick leave is granted to full-time, permanent employees at a variable rate and depends on the employee's years of service. Employees may carryover and accumulate up to sixty sick days. Sick days have no cash value. At the time of termination of employment, whether voluntary or involuntary, the departing employee will not be paid any money as compensation for the accumulated unused "sick days."

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana
Notes to the Financial Statements
December 31, 2007

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Restricted Net Assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation.

12. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

13. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

14. Grants

The Organization has received several grants in 2007 from the Louisiana Public Defender Office. These grants are reported in the general fund.

NOTE B -- CASH AND CASH EQUIVALENTS

At December 31, 2007, the carrying amount (book balances) of cash and cash equivalents of the board was as follows:

	Current Unrestricted	Current Restricted	Total
Cash in demand deposit account	\$68,435	\$17,500	\$85,935
Time deposits	65,000	-0-	65,000
Total	\$133,435	\$17,500	\$150,935

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana
Notes to the Financial Statements
December 31, 2007

NOTE B – CASH AND CASH EQUIVALENTS (CONTINUED)

The deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2007, the Organization has \$171,116 in deposits (collected bank balances). These deposits are secured from risk by \$165,000 of federal deposit insurance and \$6,116 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Public Defenders Office that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2007 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Furniture, Fixtures, Equipment & Computers	\$ 30,286	\$12,810	\$(19,492)	\$23,604
Less: Accumulated Depreciation	(22,813)	(2,576)	19,035	(6,354)
Net Capital Assets	\$ 7,473	\$10,234	\$ (457)	\$17,250

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana
Notes to the Financial Statements
December 31, 2007

NOTE D – PENSION PLAN

The Fortieth Judicial District Public Defenders Office does not have a pension plan or any other retirement plan for their employees.

NOTE E – OTHER POSTEMPLOYMENT BENEFITS

The Fortieth Judicial District Public Defenders Office does not provide any other post-employment benefits.

NOTE F – LEASES AND COMMITMENTS

The Organization leases office space (Suite 202) under a one-year operating lease, which expired December 31, 2004. Currently the lease is month to month. The monthly rental rate is \$1,050 per month. The Organization leases storage space under a month-to-month lease. The monthly rental rate is \$67.50 per month. In addition, the Organization entered into an agreement to lease a copier. The lease is month to month, and the rental payments are \$150.60 per month. The Organization has no other capital or operating leases open at December 31, 2007. For the year ended December 31, 2007, rent expense for office space and storage totaled \$13,410.

NOTE G – LITIGATION

According to management, the Organization was not involved in any litigation at December 31, 2007, which would require presentation in financial statements or notes thereto. Therefore, no provision for liability has been set up in the accompanying basic financial statements.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana
Notes to the Financial Statements
December 31, 2007

NOTE H – ECONOMIC FACTORS

The Public Defenders Office relies on fees and fine collections from St. John the Baptist Parish and grants from the State of Louisiana to support its operations. Unlike many other agencies, the Public Defenders Office receives no property tax or sales tax revenue. Since 2003, the district attorney has increased the use of the pre-trial intervention and diversion programs. No court costs or fines are collected in these cases. Since 2003, the Fortieth Judicial District Public Defender's revenues have decreased by approximately \$87,000 in 2004, \$64,000 in 2005, and \$103,000 in 2006 compared to revenue collected in 2003. Since 2003, the District Attorney's revenue from the diversionary program increased by approximately \$78,000 in 2004 and \$89,000 in 2005 compared to revenue collected in 2003. In 2006, the \$58,000 collected by the DA diversionary program is almost double that collected in the year 2000.

NOTE I – HEALTH CARE AND LIFE INSURANCE BENEFITS

The Organization provides certain continuing health insurance benefits for active employees. The Organization reimburses each full time employee up to \$450 per month for the actual cost of health insurance coverage obtained by the employee elsewhere. The Organization's portion of the cost is recognized as expenditure when paid.

The cost for providing benefits for the active employees for the year was \$5,871.

NOTE J – RESTRICTED NET ASSETS

At December 31, 2007, restricted net assets are as follows:

Expert Witness & Testing Grant	\$8,200
Information Technology Grant	<u>9,300</u>
	\$17,500
	=====

The above net assets are restricted due to constraints placed on net assets by the grantor, Louisiana Public Defender Board. The grant for expert and testing can only be used to pay for non-capital expert witness and specialized testing expenditures. The IT grant can only be used for information technology, such as the purchase of servers, desktop computers, laptops, upgrade of existing computer equipment, printers and software.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana
Notes to the Financial Statements
December 31, 2007

NOTE K: GOVERNMENTAL FUND REVENUES AND EXPENDITURES

For the year ended December 31, 2007, the major sources of governmental fund revenues and expenditures were as follows:

	<u>Governmental Fund Revenues</u>
State Government	
Grants	\$210,403
Local Government	
On-behalf Payments	344,293
Charges for Services	22,623
Investment Earnings	995
Total Revenues	<u>\$578,314</u>
	<u>Governmental Fund Expenditures</u>
Personnel Service and Benefits	
Salaries	\$133,047
Insurance	8,461
Payroll Taxes	10,176
Total	<u>151,684</u>
Professional Development	
Dues	1,964
Travel	<u>1,528</u>
Total	<u>3,492</u>
Operating Costs	
Library and Research	6,408
Contract Services-Attorney	260,441
Contract Services-Other	15,182
Lease- Office	13,410
Travel-Transportation	2,296
Insurance	1,695
Supplies	2,965
Repairs and Maintenance	166
Utilities and Telephone	6,795
Capital Cases	25,930
Other	<u>4,601</u>
Total	<u>339,889</u>
Capital Outlay	<u>12,810</u>
Total Expenditures	<u>507,875</u>

REQUIRED SUPPLEMENTAL INFORMATION

**FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE
LaPlace, Louisiana
GOVERNMENTAL FUND - GENERAL FUND**

**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget
(Cash Basis) and Actual
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Budget to GAAP</u>	<u>Actual Amount</u>
	<u>Original</u>	<u>Final</u>	<u>Cash Basis</u>	<u>Differences</u> <u>Over(Under)</u>	<u>GAAP Basis</u>
REVENUES					
Charges for services	\$ 24,300	\$ 23,598	\$ 23,593	\$ (975)	\$ 22,823
Court cost	312,600	330,155	330,160	14,138	344,293
Other charges				-	
State grants	71,100	208,603	210,403	1,800	210,403
Local grants				-	
Investment earnings	1,200	995	995	-	995
Miscellaneous				-	-
Total revenues	409,200	563,351	565,151	14,963	578,314
EXPENDITURES					
Personnel services	155,231	143,223	143,223	-	143,223
Related benefits	14,400	8,461	8,461	-	8,461
Travel and professional development	3,300	2,317	2,317	-	2,317
Operating services	49,960	46,530	44,243	(2,951)	43,579
Client Costs	42,680	35,244	37,044	1,800	37,044
Capital Outlay	2,400	12,810	12,810	-	12,810
Debt service				-	-
Depreciation				-	-
Contract Attorneys	181,000	261,958	261,958	(1,517)	260,441
Total expenditures	448,971	510,543	510,056	(2,668)	507,875
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(39,771)	52,808	55,095	17,631	70,439
OTHER FINANCING SOURCES (Uses)					
Total other financing sources (uses)					
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(39,771)	52,808	55,095	17,631	70,439
FUND BALANCE (Deficit) AT BEGINNING OF YEAR	97,040	97,040	97,040	11,320	108,360
FUND BALANCE (Deficit) AT END OF YEAR	\$ 57,269	\$ 149,848	\$ 152,135	\$ 28,951	\$ 178,799

EXPLANATION OF DIFFERENCES:

(1) Receivables at 12/31/06	13,501
(2) Payables at 12/31/06	(2,181)
Net increase in fund balance--budget to GAAP	<u>11,320</u>

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Supplementary Information Schedules

Schedule of Per Diem Paid to Board Members

For the Year Ended December 31, 2007

	<u>Meetings Attended</u>	<u>Per Diem</u>
Jules A. Carville, III	3	\$300
Sylvia T. Steib	1	\$100
Harold Keller	1	<u>\$100</u>
Total		<u>\$500</u>

Board members are paid \$100 for each meeting they attend.

See Independent Auditor's Report.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

KEITH M. RIVIERE, CPA

**75 Dominican Drive
Suite 206
LaPlace, LA 70068
(985) 652-6029**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the District Public Defender
Fortieth Judicial District
Public Defenders Office
La Place, Louisiana

I have audited the financial statements of the Fortieth Judicial District Public Defenders Office as of, and for the year ended December 31, 2007, and have issued my report thereon dated June 13, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Fortieth Judicial District Public Defenders Office's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fortieth Judicial District Public Defenders Office's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Fortieth Judicial District Public Defenders Office's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in

accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the control deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 07-1(1C) and 07-2(1C) to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fortieth Judicial District Public Defenders Office's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of management and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Keith M. Rivere
Certified Public Accountant
June 13, 2008

**FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE
LaPlace, Louisiana**

**Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
For The Year Ended December 31, 2007**

Ref. No	Fiscal Year Finding Initially Occurred	Description of findings	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Current Year (12/31/07)						
Internal Control						
07-1(IC)	Unknown	Due to the small number of employees, the Organization did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Richard Stricks	N/A
07-2(IC)	2007	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The Organization has evaluated the cost vs benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the Organization to outsource this task to its independent auditor, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Richard Stricks	N/A
Prior Year (12/31/06)						
Internal Control						
06-1(IC)	Unknown	Due to the small number of employees, the Organization did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Richard Stricks	N/A